

National Assembly for Wales – Public Accounts Committee

Welsh Government Investment in Next Generation Broadband Infrastructure

Welsh Government response

The flagship project for investment in next generation broadband infrastructure, Superfast Cymru, is continuing to deploy superfast broadband to homes and businesses the length and breadth of Wales. As at the end of October 2015 around 532,000 premises have been given access to superfast broadband as a result of the project. None of these premises would have otherwise been given access. The Committee acknowledges that progress is being made.

The Committee implicitly highlights the contract management in particular it notes the provisions in the contract which protect the public sector investment and transfer risk to BT. It also urges that these be shared across Welsh Government.

The report also rightly acknowledges the difficulties in deployment of such a large scale project and the challenges involved in being able to provide information regarding roll-out for what is, because of its nature and size, a dynamic roll-out programme.

Recommendation 1: The Committee recommends that the Welsh Government provides assurances that the project extension will not lead to further delays for premises that were included in the original contract and continues to monitor BT's progress to ensure the project is delivered within the revised timescale.

Response

Partially Accepted: The Committee have significantly underestimated the challenges in delivering a project of this scale and complexity. Simply adding the new premises to the end of the original build would not allow BT to deliver the remaining premises in the most efficient and cost effective way possible and would not provide value for money for the public purse.

The new premises within the project extension have been 'blended' into the overall intervention area and an entirely new deployment plan produced to provide access to as many premises in Wales as possible. The new plan will mean that the timescales for deploying to some premises will inevitably change.

Taking a blended approach under the current contract, rather than having to re-negotiate, has the advantage of maintaining the safeguards and contractual remedies that auditors have recognised as a significant strength of the contract, which is unique to Wales. A renegotiation may have impacted on

other elements of the contract potentially leading to a less favourable position for Welsh Government, for example, the level of claw-back.

Delivery of the contract is monitored via a series of regular meetings between Welsh Government and BT. These include fortnightly deployment meetings to address operational issues, a monthly operations board meeting where deployment is discussed and operational decisions taken and finally a quarterly programme board where strategic deployment decisions are taken. The programme board also include wider industry representation.

Recommendation 2. The Committee recommends that the Welsh Government provide details on its scheme to replace Access to Broadband Cymru and provide access to next generation broadband to all premises across Wales.

Response

Accepted: The new Access Broadband Cymru scheme was launched on 4 January 2016. The Deputy Minister for Skills and Technology issued a written statement on 15 December highlighting details of the new scheme:

The new scheme will fund (or part-fund) the installation costs of new broadband connections for homes and businesses in Wales that deliver a step change in download speeds. Any residential or business premises that cannot currently obtain a 30Mbps service would be eligible for an ABC voucher. There are 2 levels of funding available depending on the needs of the consumer and the speed required, £400 for download speeds between 10 and 20 Mbps, and £800 for download speeds of 30Mbps and above. The scheme will be technology neutral using a range of technologies including satellite, wireless and 4G to deliver superfast speeds.

Recommendation 3. The Committee recommends that Welsh Government actively liaise with service providers to identify these premises and find a solution to delivering next generation broadband to these difficult to reach premises.

Response

Accepted: The new Access Broadband Cymru scheme provides a solution to all premises in Wales that requires a superfast broadband connection. In addition we will explore how the investment fund, created from claw back funding, could be used to further extend superfast broadband coverage. The Welsh Government has actively engaged with national and local internet service providers.

Recommendation 4. The Committee recommends that an update be provided by Welsh Government on the progress of rollout to difficult to reach premises no later than September 2016 including:

- an update on the achievement of 40 per cent of premises at 100Mbps;

- information on when residents will be told if that are not likely to receive next generation broadband through the Superfast Cymru contract;
- details of the affordable options available to them;
- the number of 'premises passed'; and
- an update on the recommendations contained in the Auditor General for Wales's report.

Response

Accepted.

Recommendation 5. The Committee recommends that the Welsh Government provide confirmation on the success of the Superfast Cymru rollout and if they have been able to draw down all the ERDF funding available as a result

Response

Accepted: The Superfast Cymru project is an unqualified success. At the end of October 2015 around 532,000 premises have been given access to superfast broadband. None of these premises would have access to these services without this intervention. BT delivery remains in line with the contractual quarterly targets.

As the report correctly highlights, the original timeframe for drawing down European funding was reduced by six months. This had a significant impact. By the end of the funding round the available ERDF funding for premises passed had been drawn down. WEFO agreed that a further application could be made under the new structural funds programme.

Recommendation 6. The Committee recommends that the Welsh Government should reflect on lessons learned from the overall planning and management of the Superfast Cymru contract and reflect these lessons in its own guidance on programme and project management.

Response

Accepted: The project team will carry out a number of lessons learned reviews, for example for the EU as part of its project completion processes. These will be fed into the corporate lesson learned framework for programme and project management.

Officials will work with Value Wales to ensure that the procurement lessons are identified and disseminated across the procurement profession within the Welsh Government.

Welsh Government will share the lessons with contract and procurement professionals from across Welsh Government and the wider public sector to raise awareness of the approach taken under the Superfast Cymru project.

Recommendation 7. The Committee recommends that the Welsh Government ensures that all relevant staff receive refresher training as required on contract negotiations and that all guidance is regularly reviewed and available to staff.

Response

Accepted: As part of the lessons learned reviews the project team will share any lessons on contract negotiations with the contract and procurement professionals across the Welsh Government. These will also be shared with the lead professionals within Welsh Government from these disciplines for their consideration with respect to ongoing professional development.

Welsh Government is rolling out mandatory contract management training as part of it's Preparing for the Future programme and is also introducing a contract management tool kit. Contract negotiation training is also being provided to all procurement professionals within WG as part of this initiative.

Recommendation 8. The Committee recommends that the Welsh Government works with BT, as a priority, to improve the effectiveness of its communication strategy, including the website, for the remainder of the rollout and that the Welsh Government provides the Committee with an update on changes made to the strategy to address our concerns.

Response

Accepted: The main areas of concern raised by the Committee are with regard to providing better information about when homes and businesses can expect to be able to access superfast broadband as a result of Superfast Cymru. As the report recognised there are already a number of mechanisms in place including; door drops to those areas due to go live and recently gone live, email alerts for those more than 30,000 people that have registered on the website, social media, local PR and the where and when feature on the website.

In addition, advertising and events aimed at driving take-up also raise awareness of the availability of superfast broadband and signpost people to the website for more information. The success of this element is bourn out by the number of registrations on-line and the number of visitors to the website.

The report also highlights the difficulties in providing accurate dates when people will be able to access superfast broadband. This is due to the sheer size of the programme and the volatility in the deployment plan where deployment dates can slip for a wide variety of reasons including cabinet site availability, engineering challenges and even, as described in the report, the need to deal with protected species such as newts.

However, work has been undertaken to improve the where and when section of the website. A new feature has been introduced which provides visitors to

the site with a much better indication of when they are likely to benefit. On entering their postcode or landline number their premises is shown in one of a number stages that reflect where their premises is in the deployment process, for example in planning, in build etc., and also how long it is likely to be before their cabinet is live. At the moment this is only for premises which will receive a fibre to the cabinet solution, however, a solution for fibre to the premises and exchange only lines is expected in March 2016.

Recommendation 9. The Committee recommends that the Welsh Government give consideration, in principle, that as a minimum, details of aspirational targets and expectations as to when they should be met, should be included in future contracts.

Response

Accepted: Decisions on whether to include aspirational targets in relation to future contracts will be dependent on the subject of the contract and the nature of the services being procured.

Recommendation 10. The Committee recommends that the Committee be provided with an update on work to improve communications and marketing of the benefits of access to superfast broadband no later than September 2016.

Response

Accepted.